WELCOME AND INTRODUCTION: The quarterly meeting of the Advisory Committee on Voluntary Foreign Aid (ACVFA) was convened by William S. Reese, Chair. Mr. Reese welcomed participants to the meeting, emphasizing the wealth of expertise represented by both the panel and the audience. He emphasized that Committee members serve as individuals, not as emissaries of their respective agencies. Mr. Reese then summarized the history and functions of ACVFA, explaining that the Committee has existed since 1946 to advise the administration on the relationship between the voluntary sector and the official aid community. This has evolved into the present partnership between USAID and the PVO community. Partnerships are never perfect, Mr. Reese said, and ACVFA has the mandate to improve the USAID-PVO partnership. ACVFA is not a think tank but a true advisory group, concerned with giving the agency practical, substantive advice on issues important to the PVO community. That is the purpose behind the quarterly public meetings.

Mr. Reese said that he and ACVFA Vice Chair Carol Lancaster met with Administrator Brian Atwood on April 30, 1998 to review ACVFA's areas of focus, which he identified as:

- Results;
- Non-presence countries;
- The PVO-USAID relationship;
- The PVO-NGO-civil society partnership;
- ACVFA's commitment to ongoing attention to the gender issue.

The purpose of this Quarterly Meeting, Mr. Reese said, was to look in depth at results. "We're here today to answer some questions," he said. "What are the right things to measure? What are the right ways to measure them? What do our partners want in the way of results measurement?" Mr. Reese gave an overview of the day's proceedings (as outlined in the Meeting Agenda in Annex A). The morning panel would concentrate on external audiences and the afternoon panel on the USAID perspective. Mr. Reese said that inputs from the afternoon's breakout sessions would provide information for the Results Committee, chaired by ACVFA member Peter Reiling.

Mr. Reese then introduced the keynote speaker, Mr. William Greenwalt. Mr. Reese thanked Mr. Greenwalt for giving his time to address the meeting and said that Mr. Greenwalt's position as a member of the Senate Government Affairs Committee made his presence particularly timely.

OPENING REMARKS: **Mr. William Greenwalt, Senate Governmental Affairs Committee.** Mr. Greenwalt expressed pleasure at the opportunity to address ACVFA and the members of the audience. He said that the Government Affairs Committee, chaired by Senator Thompson, was responsible for establishing the performance-accounting framework.

Mr. Greenwalt turned to the Government Performance and Results Act (GPRA) of 1993. GPRA's structure is based on public and private sector principles. "It's Management 101. You get what you measure," he said, paraphrasing Peter Drucker. Measuring the wrong things results in a misallocation of resources, since allocations are based on good financial and performance data.

Why did Congress see a necessity for GPRA? Mr. Greenwalt explained that the perception on the Hill was of decades of poor performance by government agencies, lack of accountability, and focus on process not results. In order to improve decision making, there was a need for good performance and financial data, but these data didn't exist. Another concern, he said, was to improve personnel performance, management, and service delivery. In 1992 and 1993, Senators Roth and Glenn were pushing for better results management, a push paralleled in the Office of Management and Budget (OMB). GPRA, enacted into law in 1993, is the outcome.

Mr. Greenwalt addressed the budget linkage of GPRA. OMB and Congress, he pointed out, use the process to oversee programs and if there is no link to the budget, you have a serious disconnect. He said that Congress must be an active player.

The first phase of GPRA, the performance plan, has just been implemented as part of the Strategic Planning process and Congress is now reviewing this. The comparison between what the agencies said they would achieve and what they have actually accomplished will be in place when the 1999 budget is complete.

Mr. Greenwalt reported that there has been a considerable degree of struggle with the Results Act process as agencies identify strategies. He named two immediate concerns. The first, he said, is procedural--getting agencies to design strategies. The second is defining how Congress will use the resulting information. All committees have different stakes and so everyone looks at results in a different way.

One of Congress's goals is to improve agency performance. Now that the high risk areas have been identified and we know that financial performance data are lacking, we must develop these data and ensure that they support the Results Act. The present mood is to use data to identify interconnections among agencies. For example, USAID

needs to work with other agencies. Who are they? Which agencies share USAID's goals and objectives? Is there any overlap? Mr. Greenwalt said that Congress is also concerned with the agencies' use of the plans. Having created the structure of a strategic performance plan, are the agencies using it? How are plans filtering down within agencies? And finally, are the data collected adding value to the agencies' operations?

Mr. Greenwalt predicted that the process would involve a five- to ten-year culture change. So far the focus of the Results Acts has been procedural without much emphasis on policy, he said. But the important thing is how the data will be used for the internal decision making of the agency. The policy question will be asked--is this process worth it?

Mr. Greenwalt turned his attention to what this means for the USAID-PVO community. He told the assembly that USAID will put out an annual performance report to address the ways in which partnerships are developed, picking the most appropriate performance targets, costs, etc. These subjects will be under discussion for the next several years.

In closing, Mr. Greenwalt stressed that GPRA is not a panacea. It won't ensure good management or eliminate politics from the budget process. But it *will* provide a running start in the quest for good management and good partnerships.

Discussion: An ACVFA member asked how to establish measures for data not amenable to classification and quantification--the position of women, for example. Mr. Greenwalt acknowledged the challenge. He said GPRA is not a "one size fits all" process and it is fruitless to over qualify, attempting to find data points for everything. In fact, he said, one benefit of the process is to identify these unquantifiable areas and find more appropriate ones.

ACVFA member Jane Pratt asked how the management challenges in high risk areas are identified. And second, she asked what kind of process Mr. Greenwalt envisioned for getting feedback on objectives to the agencies and helping them develop a unified vision for country and government. To the first question, Mr. Greenwalt responded that in 1992, the General Accounting Office (GAO) began to identify the management challenges of those high risk areas most vulnerable to misallocations. The challenge is to make choices. He added that USAID is not a high risk management area. On the issue of agency feedback, Mr. Greenwalt said the GPRA process is designed to ensure that agencies develop their plans in conjunction with outside stakeholders. He added that in reality, strategy is an ongoing, adaptable process. With respect to a unified vision, Mr. Greenwalt reminded the audience that GPRA is the first attempt to put down such goals and objectives. GAO is now preparing a report. He agreed that there must be a coming together of government agencies/objectives and said, "We're working that out."

ACVFA member Herschelle Challenor asked whether Congress itself follows the plan. Mr. Greenwalt replied that Congress is using the results since members have to show results to their constituents. Dr. Challenor stressed that Congress needs to work through the actual process to understand the challenges. Mr. Greenwalt said the tough part is to pursue and overcome barriers and to help agencies move forward. He assured the audience that there is not a view that this is easy.

ACVFA member Lester Salamon said that unintended consequences are of concern. There is a danger of producing undesirable forms of behavior (such as the over-reliance on contracts versus cooperative agreements) because everyone is holding everyone else accountable, from the top down. Mr. Greenwalt agreed with the danger of negative consequences and said that makes it all the more important to measure the right, measurable things. On the positive side, there is potential to slice through a lot of "check the boxes" structures. The procurement process has grown up over 30 years and its focus is not on ensuring that the right items are procured--the *result*--but on the *process*. GPRA is in place to make sure we procure for results. Mr. Greenwalt acknowledged that GPRA is a double-edged sword: data can be used for good and bad. It is up to the agencies, the government, and the PVO community, he said, to ensure communication among all parties, especially when problems surface. He finished by saying that he sees great potential for good in GPRA.

PLENARY PANEL: Reporting Needs of USAID's External Audiences

ACVFA Committee member Peter Reiling introduced panel members:
Jeffrey T. Rush, Inspector General for USAID;
Jess T. Ford, Associate Director, International Relations & Trade, GAO
Michael Casella, USAID Examiner, OMB
Mark Kirk, House International Relations Committee Staff.

Mr. Reiling said that the panel had been asked to address three questions:

1. What information do they and their organizations need from USAID and its partners?
2. What are the requirements with respect to provision and timeliness?
3. How will their organizations use the data?

Jeffrey T. Rush, Inspector General for USAID: Inspector General Rush opened by saying that his desire is to know that his work is of value to the membership. He told the audience that a major audit is in progress. The audit process requires consultation with ACVFA and other parties. Reports are available from his office and he invited input. The data required, the Inspector General said, are financial and results information.

Mr. Rush's role is to verify and validate, making sure that the systems that gather and report are reliable. Addressing reporting requirements, Mr. Rush said that USAID does not want raw data, but results reported in a systematic way and so it is important to develop uniform collection and reporting systems.

The first audits revealed two areas of concentration, Mr. Rush reported: attribution--whether plans were linked to results--and aggregation--how to accumulate meaningful cross-agency data. He gave as an example population programs in Africa and Asia, both with different objectives. The challenge, said Mr. Rush, was to gather data in a way that supports agency objectives.

Mr. Rush brought up the concern with areas not easily measured. These measures, he said, are arrived at through consultation. He pointed out that it is not good public policy to channel public money into programs that can't be measured. Should you undertake such endeavors? Yes, said Mr. Rush, if you can get agreement from the authorizers and appropriators. But if not, organizations must ask whether they can justify these activities.

Jess T. Ford, Associate Director, International Relations & Trade, GAO: Mr. Ford said that GAO had been an active participant in the Results Act. His agency had worked with Congress and issued a number of guides (available on the GAO World Wide Web site) to aid in understanding the requirements for strategic and annual plans. These publications attempt to define how agencies can better measure results and how to address items that cannot be measured (secure OMB's and Congress's buy-in). GAO has also issued a summary report of all 24 federal agencies required to submit strategic plans. And a report evaluating USAID's strategic and annual plans is being prepared and will be provided to Congress.

Mr. Ford noted that USAID had begun working with the results process before the mandate of the Results Act. This was the result of cutbacks in personnel and budget in the early to mid 1990s, which forced the agency to reexamine itself. This experience has helped USAID understand the GPRA requirements better that some of the other agencies. In July 1997 and January 1998, GAO reported on the compliance of USAID's plan with the requirements. These reports were not reviews of individual programs. The strategy plan met most of the major requirements. The report also identified some issues, the major of which was that USAID had not satisfactorily articulated how the agency will link program activities at the field level with the broad goals and objectives in the strategic plan. GAO will raise that again in the report on USAID's Annual Plan.

Addressing the issue of data, Mr. Ford stressed that GAO is an evaluative organization and relies on good information. Referring back to an earlier issue, Mr. Ford acknowledged the risk that the process might become an accounting exercise, but said that GAO is

concerned with evaluating outputs and performance. Congress needs to be able to tell taxpayers that there is a good return on investments. It isn't easy in many cases, Mr. Ford said. Having visited overseas missions himself, he had seen firsthand the mixed availability and reliability of data. This presents USAID with a challenge, since the agency must be able to provide data that justify the results they report.

Mr. Ford said that he had seen efforts in the PVO community to establish good indicators. "We realize that some programs are difficult to quantify. In those cases, it's necessary to find other ways to validate results--consultation with independent experts, for example," he said. But if it is impossible to produce the information, that must be acknowledged and the agency must work to get Congressional buy-in.

Congress asks GAO to assess the progress of all agencies and GAO will use the GPRA tools (the strategic and annual plans) to judge how well programs have carried out the stated objectives. Mr. Ford said that GAO has released guides to help agencies and is also pushing agencies to become more transparent, enabling Congress to make better decisions. Mr. Ford ended by reiterating that GAO is heavily involved with the House leadership with respect to the Results Act and that the Hill takes the Act very seriously.

Michael Casella, USAID Examiner, Office of Management and Budget: Mr. Casella said that OMB has the least clearly defined role of any represented on the panel. OMB has seen GPRA as a budget formulation tool and supports the inclusion of performance information in budget requests. Mr. Casella said that OMB wants to use the data as a tool in resource allocation. USAID, he said, has truly bought into GPRA, with support from the Administrator down. As a result, USAID has done the best job of all agencies in incorporating GPRA into its programs. It is one of the few agencies using performance on an ongoing basis for resource allocation. Mr. Casella praised USAID for its efforts at managing unquantifiable results. The agency, he said, was making the effort, even if it didn't always succeed.

The most important negative, in Mr. Casella's view, is the issue of attribution. This is an inherently difficult problem and we should not expect it to be solved overnight. The issue requires more recognition in the agency than it has received so far, and more creative thinking on how to address it. Another problem is aggregation. USAID has had a culture bias away from central management, each mission developing its own set of indicators. While this may make sense at the mission level, it makes it difficult or even impossible for management at the bureau or agency level and for OMB to look at performance with respect to resource allocation. So the challenge is to develop indicators detailed enough for the mission level but also useful at the central level.

Mr. Casella referenced the fact that there are different cultures across USAID, particularly on the humanitarian side. There is a tendency in some parts of the agency to question the need to measure. "GPRA isn't going away," he said. "The American people and Congress expect agencies to show achievements in all aspects of what they do." GPRA requirements also involve the relationship between USAID, its contractors, partners, and other agencies. Cooperating agencies and organizations must speak out if measures are inadequate or too vague. There will have to be negotiation if USAID is to provide useful data.

Addressing next steps, Mr. Casella said that a large challenge for OMB is the use of information for resource allocation. "We haven't done as good a job as we might of using the performance information available in allocating resources," he said. But in his opinion, even if no more progress were to be made the results process as required by GPRA would still be worthwhile. The fact that there are now reports for every country is a major improvement. GPRA has already generated more transparency. Mr. Casella said that it is important to focus on the positives, not the negatives, associated with GPRA.

Mark Kirk, House International Relations Committee Staff: There is a difference of opinion in Congress as to the utility of GPRA, Mr. Kirk said, but House leadership is driving it. USAID has made great strides in its implementation of the Act's requirements, but must avoid the danger that it could add another layer of paperwork. Congress would like to strip away a lot of old accounting work and let results accounting justify the budget. Mr. Kirk gave the example of a family planning project he had observed in Cairo. The project had abandoned the numbers-driven approach of hours worked or IUDs provided, and was counting one thing--how the project was achieving its purpose. "I would like to empower you to hit or exceed your targets," said Mr. Kirk.

Everyone understands that some things can't be counted, said Mr. Kirk. But when tax dollars are involved, agencies may not want to do things that can't be measured. This is a problem for many agencies. If your mandate is the security of the nation, how, for example, do you quantifiably measure the absence of war? Congress is looking for a reasonable effort, not for agencies to become bean counters in the drive to measure results. Mr. Kirk said there is a perception among some members of the House that foreign aid expenditure is wasted, but the President wants it. To turn this attitude around USAID must show what has actually been achieved and present an independent review of results.

Discussion: ACVFA Committee Member Carol Lancaster asked the panel to comment on three issues that confront USAID probably more than any other agency:

1.   The nature of USAID's work, a lot of which is essentially experimental and may not show results in the short term. Success in Asia, for example, results from USAID funding, but that goes back a long way. How does GPRA deal with programs where there are no short term results?

2. The political nature of the agency's work. USAID doesn't have a strong constituency to protect it, as does, for example, the Department of Defense, and so is pulled to carry out things that are not part of its strategic plan.
3. It costs money to gather results data. At what point is there a trade off? In the opinion of the panel, how much of USAID's allocation would be excessive to gather these data?

Mr. Rush agreed that USAID and other agencies face the issue of measuring results of research and experimental programs. USAID must find a way to approach Congress and get buy-in for areas like this. But he pointed out that the question arises of how much of this an agency can afford to do. On the political nature of the process, he said that partisan pressure exists and the agency is struggling with the issue. The answer is to consult with all players. If you know from historical experience that when certain people travel they must be provided with gifts, you can factor that in. There needs to be more open discussion on how to deliver such programs. Mr. Rush said that there is very real concern about the high costs involved in measurement. He said that USAID has first to ask what it sees as the appropriate cost of collecting useful data, how much can be spent before the program is affected. But the final determination is for Congress and the Administration to make.

ACVFA member Peggy Curlin said that the procurement process at USAID is weighted to RFPs that describe the strategies to be used. How much will USAID be prepared to remove what has been referred to as the "dead hand of accounting"?

Mr. Kirk responded that regulations and statutes exist expressly to take away the dead hand approach. He would like to see RFPs that concentrate on broader issues to be accomplished not the methods to be used to obtain results.

A questioner commented from the floor that the degree of waste in USAID is small compared with the military and asked the panel to comment on waste in government.

Mr. Ford said the intent is to make it easier for agencies to show what they deliver for the money. The more transparency there is, the less likely waste is, and GPRA can be a preventive tool.

A questioner from the floor asked about the preparation within OMB and GAO, traditionally auditors, to oversee the Results Act. Is there the necessary expertise in social sciences techniques? Is there coordination in order to employ the same criteria for measurement? Is USAID the getting same message from everyone?

Mr. Casella said that this is a problem for OMB. There are currently not enough resources but the issue is being addressed. He also said that the main players probably don't coordinate their approaches. This is partly because of the different roles. They cannot influence what each is looking for. On the other hand, he said, more dialog is necessary to share best evaluative practices.

Mr. Ford said that the majority of those involved in GAO do have multi-disciplinary backgrounds as a result of a ten-year move in that hiring direction. On coordination, he said that GAO has had several opportunities to share information but still needs to pay it more attention.

ACVFA member Martha Cashman asked how to reconcile the planning process with changes in administration and congressional leadership. In addition, USAID comes under scrutiny with reference to political pressures. For example, USAID makes a contract decision, a disgruntled losing bidder complains to Congress, and USAID receives pressure.

Mr. Kirk said that political pressure is sometimes justified if it concerns a project that is one part of a larger policy issue.

Mr. Rush replied to the first point by saying that nothing in GPRA prevents changing requirements even if they are political. The strategic view should be flexible enough to change if circumstances change. Moving on to the awards issue, he said that there should be no bias toward one instrument over another and that there is nothing inherently wrong with a contractor's being displeased at losing a bid; the problems arise when the appeals process is done in secret. The Inspector General's office is concerned only with any misconduct around procurement activity and if there are known instances where the process is circumvented, they should be reported to the IG or to GAO for investigation.

ACVFA member Ted Weihe asked whether the panel was concerned that USAID was spreading itself too thin.

Mr. Kirk said the agency is certainly trying to do too much with insufficient reliable resources. Unlike other agencies, which can look down the road, USAID is struggling from day to day to figure out its finances, making it hard to plan. Other panel members agreed.

ACVFA member Lester Salamon pointed out that when attempts are made to trace attribution links, it's all too easy to find oneself back with the old accounting processes.

Mr. Kirk said there can indeed be a real attribution problem. He gave the example of carrying a water project in one region and claiming credit for country-wide improvement in infant mortality. The appropriate course of action, he said, is to report on having contributed to lower child mortality in the region. An independent evaluator can validate the claim and its contribution to the overall result.

Mr. Casella said that USAID must make the case for a connection in some convincing, quantifiable way. It is not acceptable to go into countries where the result is guaranteed-- for example, where infant mortality rates are dropping as a result of another organization's efforts--and claim credit.

Mr Rush said that in the long run, overreaching (as in the example Mr. Kirk had given) will damage the agency.

Mr. Ford pointed out that accurate reporting can have only positive results in that it will help Congress allocate money.

ACVFA Chair William Reese asked the final question. He said that the USAID-PVO partnership relies on transparency and trust. Over recent years there has been controversy over the perceived move to favor contracts over grants and cooperative agreements. USAID, he said, indicates there is no data supporting that trend. Mr. Reese said that the PVO community would like to see the current breakdown of USAID awards between assistance instruments and contracts, and would also like to know what percentage of USAID funds are awarded to PVOs.

Mr. Rush said that during the review and audit process, no significant changes were emerging in the allocation of program dollars between the instruments. He invited the PVO community to tell him what was required in the way of evidence and he would do his best to furnish it.

Update on the Year 2000 Challenge for Government, Business, and Civil Society: John Streufert, Director of USAID's Office of Information Resource Management, speaking on behalf of Richard Nygard, Bureau for Management, spoke briefly on the serious implications of the year 2000 computer date problem, known as Y2K. The effects will be far reaching, he said, referencing the Gartner Group's forecast that the total burden to government (including costs related to some private organizations) will be in the region of $30 billion. Hardware, software, communications, and embedded chips are all affected. Fiscal year systems are the first at risk since the problem will hit these applications in October 1999.

Y2K has the potential to endanger USAID's ability to do business. The situation in host nations is of particular concern since some of those that will be hit hardest are the ones that can least afford it. Not only are missions and bureaus responsible for fixing their own systems, but USAID is ethically obligated to identify and correct systems it has installed in host nations in the past.

We have 400 days to take care of the problem--identification, renovation, testing, and implementation. There is clearly not enough time or money to fix everything and so there must be a triage process whereby it is determined which systems are the most urgent to fix. A five-year prime contract is in place if additional resources are required and USAID will have several blanket purchase orders to buy USAID-compatible systems for PVO partners.

The Department of State is in the process of setting up points of contact for different countries and the geographic bureaus will liaise with these contacts. Mr. Streufert urged communication with program officers and colleagues in the audience. It is very important, he said, to think through the across-the-board implications of the Y2K. For example, some 80 percent of missions depend on the local phone system in host countries. There must be backup measures, like cellular phones, in case these fail. All those present, he said, must examine the implications of technology failure on their particular operations.

Working Lunch Session

ACVFA Chair William Reese opened the working lunch discussion by saying that its purpose was to prepare for the afternoon session. He introduced speaker, Jill Buckley, Assistant Administrator, USAID Bureau for Legislative and Public Affairs. Ms. Buckley's address, he said, would help set the stage for USAID Administrator Brian Atwood's remarks in the afternoon.

Jill Buckley, Assistant Administrator, USAID Bureau for Legislative and Public Affairs:
 Ms. Buckley said that as we struggle with the issues brought up by GPRA, it is important to remember that Congress was motivated by common sense and good intentions. This is taxpayers' money, she reminded the members, and it is essential to make sure it goes to programs that actually work. In order for this to happen, there must be a vehicle to look at and measure results. As far as USAID is concerned, pushing for results has always been part of Mr. Atwood's tenure. The only difference now is that there is a law requiring it. Ms. Buckley appealed to ACVFA for help in fleshing out details to create a better measurement situation, not more complications.

Mixed messages are coming from the Hill. Not everyone agrees with Mark Kirk's position on GPRA. Some members of Congress feel that the time and money USAID is spending on measurement would be better devoted to the programs. The result is, Ms. Buckley said, that the agency's attempts to do a good job sometimes get lost in trying to please everyone.

Switching to another topic, Ms. Buckley said that USAID's budget numbers are devastating this year as a result of the deal Congress made to balance the budget over the next five years. There are two relevant numbers in the appropriations bill: the total appropriation and the spending time frame. USAID's problem is the amount that can be spent in FY99. Unless USAID can secure changes, programs will have to be cut and administrative expenses reduced. "We aren't the only agency with the problem," Ms. Buckley acknowledged, "but we and Health and Human Services have taken the hardest hit because the 150 account has been penalized more than others."

Ms. Buckley said USAID has a tough road ahead, but that Mr. Atwood is confident of the Agency's ability to ride out the storm. She closed by expressing USAID's gratitude to the ACVFA for its work and then opened the floor for discussion.

Discussion: A question was asked concerning the origin of the outlay problem. Ms. Buckley said that last year was not controlled by the balanced budget agreement but that beyond that, she had not heard a satisfactory explanation.

A questioner raised the issue of earmarks. Is it likely (as Mr. Kirk had mentioned) that the Results Act may facilitate USAID's claiming exemption from results when asked to undertake policy-related activities. Ms. Buckley said that directives--the more proper nomenclature--appear everywhere. By law, USAID is not required to follow them. In reality, however, if USAID refuses a powerful person's request, directives have a way of becoming earmarks. Congress is quite content for USAID to ignore the Administration's directives, so the result is that the agency may be caught between what the Administration wants and what Congress wants.

Asked how the agency is addressing the expertise issue raised during the morning session, Ms. Buckley said that there is an ongoing push to write up quality indicators and share them with various partners and groups. This has been helpful within USAID and now it is time to broaden the scope by getting other people involved.

Afternoon Sessions

Mr. Reese opened the afternoon sessions by introducing Mr. J. Brian Atwood, USAID Administrator. Mr. Reese referenced the Administrator's contentious meeting on the Hill the previous day. The resilience the Administrator had shown in the face of antagonism was the resilience that has brought the agency to its new level, Mr. Reese said.

REMARKS: J. Brian Atwood, USAID Administrator: Mr. Atwood acknowledged that USAID faces serious budget problems. In a time of budgetary constraints, the 150 account is usually one of the first to be slated for budget cuts, and one way to justify cuts is to attack one of the 150 agencies for bad management. This is what happened the previous day, Mr. Atwood explained.

"USAID is trying to live with the Results Act," Mr. Atwood said. "We're trying to find out how to aggregate the impact of programs on a worldwide level using common indicators where common indicators don't always fit." It is difficult, he said, to attribute the impact of specific USAID programs in situations where there are also cooperating agencies and other initiatives in progress, since the impact is cumulative. Mr. Atwood said that USAID is working with major institutions to make GPRA work but that it is proving problematic to satisfy interests that are not always consistent. Different committees have different interests and agendas.

Mr. Atwood said that USAID must ask itself whether it is communicating well enough with its partners. The agency must determine the extent to which people are suffering from cuts USAID has taken over the past five years. Some of the smaller grants are, ironically, with NGOs that have the most political clout. Mr. Atwood assured the audience that he had been in discussion with a number of outside groups.

"The advice you give us with respect to results is extremely valuable because we're accountable to those looking over our shoulders," the Administrator said. He advised caution since some things aren't quantifiable. USAID must make certain to gather consistent data from country to country. The responsible agencies have already visited missions checking on how USAID gets its numbers. The agency is going to be subject to close scrutiny.

The agency must also address the issue of whether these initiatives are costing more money in a climate where there is less funding available. USAID must be able to tell OMB how much is being spent on results testing. Mr. Atwood warned that more critics would emerge and said that he hoped friends would not become critics. "We know we're putting our partners through hoops," he said. "But it's imperative that we engage you in our problems because they're your problems too." This would be eased, Mr. Atwood said, by the appointment of USAID's new procurement ombudsperson, Barbara Brocker, whom he described as "one of our brightest and best." Ms. Brocker will fill an extremely important position, explaining agency policy to the partners.

Mr. Atwood summarized the serious problem caused by the budget's low cap for the 150 account. Spending is $200 million below the spending for FY98 and there is an outlay cap on top preventing USAID from spending up to the ceiling. The greatest impact will be on fast spending programs, including humanitarian disaster relief programs. But the impact

will be negative across the board, with devastating results for national security, policy, and human programs. The White House made a budget that couldn't be sustained, Mr. Atwood said. Heavy reliance was placed on revenues from the Tobacco Bill--money that does not yet exist. The Transportation Bill is also a "budget buster."

Mr. Atwood showed a series of charts that illustrated the agency's dilemma. Staff has been reduced from 10,739 to 7,436 in one year, yet there has been no reduction in workload. On the contrary, the R4 process places added burden on staff. In addition, the agency has taken on some unexpected programs, in Bosnia, for example. So how did the agency accommodate the budget shifts? Mr. Atwood said that USAID had closed 28 missions and opened only nine. The situation has crossed the line if USAID wants to consider itself the premier humanitarian aid agency in the world, he said. USAID's staff and partners are what makes the agency a leading development organization. " Our strength has always been our field missions," said Mr. Atwood. "As we leave countries, we lose influence."

Mr. Atwood said the budget numbers as they stand are projected to have a 20 to 30 percent negative impact on all except the protected programs (child survival and infectious diseases). Further cuts would make the agency's position untenable. He pointed out that when USAID closes missions, the agency doesn't realize the financial benefit for three years, given the costs associated with reductions in force. The problem has not been aired and so the public is not aware of what is happening.

Mr. Atwood described the budget as irresponsible when U.S. foreign policy is dealing with more crises than ever before. The budget has cut funding to USAID, which is at the center of the action. Mr. Atwood said that he is in the embarrassing position of having to explain at international meetings why the U.S. is at the bottom of the list in providing assistance. "I can't offer any more excuses for what this Congress has done to our budget," he said. He made a plea for empathy from partners for USAID staff, who are each now doing the work that three people did in 1993.

Mr. Atwood closed by addressing the question of comparative numbers for contracts awards versus assistance mechanisms. USAID must train people to know that it is just as possible to get results from assistance vehicles, he said.

Discussion:

ACVFA member Kathryn Wolford said that the PVO community had been taken by surprise. It seems that the budget cuts are not rewarding the impact of good programs. We keep hearing that the public wants better performance, she said. The PVO community wants to work with the agency but we need the leadership of the President.

Mr. Atwood said that the Secretary of State had already notified the President of the impact of cuts on the agency. "This is a much different budget from the one the President sent up to the Hill," he said.

In response to a question about whether passing of the Tobacco Bill would ease the situation, Mr. Atwood said that the Tobacco Bill is only one part of the problem; the other part is the huge transportation bill. He said the latter may be reduced, which will open the way to adjustments and negotiations. USAID must be heard on this issue, he said, or the agency will be overlooked.

ACVFA member Herschelle Challenor posed a question about the status of the Agency's financial position vis à vis Nigeria.

Mr. Atwood said that the Agency should, indeed, be in Nigeria. The only way to do that, if USAID is asked, he said will be to cut back on programs in other African countries.

Another member pointed out that every time vendors run to Congress with complaints, it becomes more difficult for USAID to appear a credible agency.

Mr. Atwood said that any development agency in the world has a potential for problems with competitive bidding. The nature of competition means that there's one happy group and one or more disappointed ones.

PLENARY PANEL: Missions' Role in USAID's System to Report Results to External Audiences

ACVFA member Carol Lancaster chaired the Plenary. In her introduction, Dr. Lancaster said that in the morning, the presentations had focused on the results process from the external perspective. The panel would now approach the issue from the point of view of those in USAID who implement results programming.

Rose Marie Depp, Mission Director, Zimbabwe said characteristic of the messages she receives from her field staff on results reporting are: "all we do is report"; "we're slaves to e-mail"; "R4 is out of control"; "ad hoc requests are killing us." Ms. Depp pointed out that

it costs money to have staff in the field and that requiring them to do additional paperwork means making a trade off in how they spend their time. Ms. Depp then examined the major issues from the field perspective in more depth.

- **Reporting**. The objective of reporting needs to be clear. There is too much readiness to link reporting with budget considerations when it is more important to learn from the process and adjust programs accordingly. Data collection presents some questions: do the missions collect data themselves or do they strengthen their partners to do it, which brings up the issue of the reliability of local organizations. And the nature of development work is such that there are not quantitative changes from year to year.

- **Equity**. This is something that has not yet been examined. Zimbabwe's social numbers look good but what is not seen is that it is still an apartheid society.

- **Capacity building**. When the opportunity arises, there should be a transition to local organizations. This calls for standardization of grant applications and procedures. U.S. PVOs can help make this more efficient.

- **External Relations.** Ms. Depp stressed the need for more Congressional Delegations to missions and host countries to gain a better understanding of development and for public outreach to schools and local constituents.

Thomas Hobgood, Acting Mission Director, Ghana began by saying, "Our job is to *do* development, not to *measure* it." Then, acknowledging the importance of assessing results, he addressed the type of information gathered, how it is collected and used, the costs, and how to work together on results reporting.

- **Data**. While it is possible to collect information on community involvement, it is difficult to collect data on the resource base itself, since the process has not been tested adequately.

- **Methodology**. In Ghana, the missions have trained local NGOs to survey target communities. The mission is also using local government data, though reliability is sometimes questionable. A national sentinel site has been set up to monitor AIDS. The mission also works with the private sector and trade associations for such information as the value of local production, the amount of funding local communities secure, the number of rural jobs created, etc.

- **Use**. As an example, Mr. Hobgood gave an educational project in which data gathered brought to light systemic problems related to curricula, and standards. The information was used as the basis for designing a new approach in cooperation with government and local organizations.

- **Budget**. Missions need to have a balance; their business is not measurement.

- **Cooperation**. Mr. Hobgood said that organizations should collect only the data they need. If Congressional appropriators and others want anything different, they should expect to pay for it. In Ghana, people have been hired to identify which data USAID uses and which the partners use so as to maximize the overlap.

USAID's partners, he said, best know the impact of their programs. "You have local contacts that can help us find indicators and ways to report on program impact," Mr. Hobgood said. "We should measure what we reasonably can--common sense prevails in performance data collection. We need your help in doing this."

Dirk Dijkerman, Deputy Assistant Administrator for Policy and Program Coordination identified five principles and three challenges in the results reporting process. The principles:

- The process is iterative. It is going to take time and will be a process of learning
   by doing.
- It is important to proceed with caution and humility.
- As standards for diverse areas are identified, those who know the subject matter
   should be in the lead.
- Situations change and we must evaluate and constantly monitor what we're doing
   and how well the checks and balances are working.
- The results orientation is here to stay. Treat it as an opportunity to raise the quality of
   dialog with partners and Congress.

The challenges:

- Determine on an ongoing basis how to balance the cost and utility of measuring.
- Ascertain how to get consensus from the oversight committees on how GPRA should
   be used and implemented.
- Work on consistent implementation in the field.

Suggestion:

- As generally accepted audit standards are developed by auditors, sector specialists
   should develop *their* standards.

Discussion: ACVFA member James Henson asked whether micro management by mission staff is impeding the implementation of field programs.

Ms. Depp said the issue arises from the fact that USAID's standards are frequently higher than those of local partners. The challenge is to transform the relationship so that the grantee arrives at comparable standards without excessive USAID instruction. Mr. Hobgood said there is a perception that USAID people are internally focused. Inadequate dialog with partners when programs are in place means mission staff can come across as dictators.

ACVFA member Brad Smith asked about using the best practices approach rather than an abstract approach to results-orientation management. On the issue of uneven mission performance, he asked how to identify successes.

Mr. Dijkerman said that the start is to see how the Results Review and Resource Request (R4) process is being used by different missions. It appears that it is less onerous when incorporated into the management and reporting process than when it is contracted out. People are going into the field to assess this. But there are larger issues that people don't agree upon, such as what *is* timely, complete, and reliable? No model exists.

ACVFA member Charlie McCormack asked about the cost to USAID and the PVO community of measurement and asked whether one problem is that it is not viewed as an aggregate issue because no one is in charge of the whole picture. Wouldn't a more systematic approach cut costs?

Dr. Lancaster said that multiple reporting requirements are inherent in the structure of USAID.

Committee member David Brown said there is a fundamental difference between performance-based logic and political logic with respect to accounting; one's position in the chain dictates which logic has more effect. He asked which of the two creates more tension at the mission level.

Mr. Hobgood responded by citing the example that policy is to cut budgets if there are issues of democracy involved but that it is hard to explain to the local people. He said that is where political logic has the most impact.

A questioner from the floor asked whether missions see spillover from USAID requirements to other government agencies or multinational banks.

Mr. Dijkerman said an effort is required to work with donors to get consensus on what is being measured and to secure agreement on cost sharing. He pointed out that the United States is not as far along as some European nations and Australia, so homegrown lessons are few.

John Grant, USAID Office of Private and Voluntary Cooperation, speaking from the floor indicated that USAID's reengineering principles call on missions to include PVOs on Strategic Objective and Intermediate Results teams. Mr. Grant asked whether missions have had positive experiences working with PVOs on design of program strategy and development of indicators.

Ms. Depp responded that her mission enjoys "wonderful interaction" with local PVOs and NGOs. Mr. Hobgood said that dialog has been good with NGOs in Kenya and Ghana on strategy and program design and that the missions have made changes based on their comments. The situation is not so good, he said, with agreements on reporting. But he stressed that PVOs and NGOs have a great deal to offer.

Following the plenary, participants divided into three working groups to examine three topics: Using Results for Public Outreach; Implications of GPRA on PVO Results Reporting to USAID; and Results Reporting for Program Management. Each group had specific questions to answer (see Annex B).

Group One: Using Reported Results Information for Public Outreach

The group discussed the types of information that would be needed for public outreach. They reflected on the risks of getting overwhelmed by data.

Referring to polling data, members of the group questioned the relative importance to the American public of providing international assistance versus using U.S. budget resources for domestic spending. Do those that support foreign assistance do so because it is a moral issue for them, or do they see it as being in the self-interest of the United States? It was said that a key component of public outreach is that "people want to hear about people." The importance of outreach with a human face was stressed.

To make public outreach efforts most effective, they should be focused on groups with "clout," such as the Rotarians. Building on this idea, a participant brought up the suggestion made by panelist Rose Marie Depp that it is important for PVO staff and others to invite members of Congress and their staffs to visit development activities in the field so that they learn the realities of the development business.

In discussing some of the difficulties related to public outreach, members of the group pointed out that because of the wide variety among PVOs and their activities, the community does not always speak in unity, and this can be confusing to the American people. Group members also stressed the importance of using clear terms and avoiding jargon in portraying development results to U.S. audiences.

Group Two: Implications of GPRA on PVO Results Reporting to USAID
Ted Weihe, Chair
Robert Nooter, Rapporteur

What has your experience been in trying to meet USAID's reporting requirements under GPRA?
Participants reported mixed experiences. Poor communication from USAID in the field was brought up several times. Program managers have found it difficult to distinguish between process and results. One organization said that the value attached to prevention is often missed and that R4 is not really applicable to disaster relief operations. It was acknowledged that USAID is trying to develop indicators that are measurable and cost effective.

How has the GPRA changed your information collection and reporting?
The problem of the unquantifiable remains. Groups have had to educate staff and train counterparts. One organization reported having centralized the process, investing considerable resources in monitoring and evaluation. Another group had taken a decentralized approach. A subcontractor said that it is necessary to make assumptions and that engaging in dialog on results reporting with partners is very worthwhile, even if no hard data emerges.

How is the need for accountability for the accuracy of results information factored into your information systems?
It was generally agreed that even though USAID has not questioned results, accuracy is a problem. GPRA has moved results reporting from anecdotal to hard data. Information should be collected to support organizations' program management, not just to satisfy USAID's need for results reporting. The results that organizations report to USAID are not always what they themselves see as value measures of successful projects.

Group Three: Results Reporting for Program Management
Jane Pratt, Chair
Joseph Kennedy, Rapporteur

Group three first addressed the issue of whose program management was to be discussed--that of USAID or the PVOs. Subsequent discussion was broad-ranging, covering many issues.

- Is USAID identifying indicators or best practices that can be passed on to PVOs? There is a need for systematized sharing of best practices.

- Missions and the PVOs use data differently and so each requires different information. Missions' records in involving PVOs in development plans is uneven.

- There is a disconnect between the R4 process and evaluation; the two should be tied together. John Grant, PVC, mentioned the DOSA (Discussion-Oriented Self-Assessment) tool that is designed to help PVOs and their partners profile organizational capacities.

- The present short-term reward system encourages people to skew results. It may take ten or more years to see results, by which time the people responsible have moved on.

- How can monitoring systems be tied back into management reporting systems, given the differing needs of the field and senior management? Have the systems been aligned and integrated cost effectively?

- With many new areas, such as democracy and the environment, participants agreed that they are chasing moving targets when they look for indicators.

Summing up, the group agreed that there are many conflicting pressures to report results in specific ways. It may be that USAID has over-designed an over-reactive system. It was suggested that PVC and ACVFA jointly document these emerging problems, involving local partners, and use the information to sensitize the Agency and the Inspector General.

Working Dinner Session

ACVFA member David Brown and PVC Director John Grant made a presentation on the new International Forum on Capacity Building for Southern NGOs. The purpose of this initiative is to build a multi-stakeholder forum in which Southern NGOs engage Northern NGOs and donors in a frank dialogue about the capacity building needs of Southern organizations. The Forum is intended to serve as a vehicle for different partners to work together to develop appropriate policies and programs for NGO capacity building.

As outlined by Mr. Grant, the idea for the Forum was originally proposed in October 1996 by a group of Southern NGOs from the NGO Working Group on the World Bank. An interim steering committee was established with representatives of the donors, Northern NGOs, and Southern NGOs, and an interim secretariat was set up in New Delhi. In order to develop a better understanding of the perceived capacity building needs and priorities of the Southern NGOs on the one hand and the priorities and programs of the donors and Northern NGOs on the other, the Steering Committee called for three sets of parallel worldwide studies. First, USAID's PVC office, working in coordination with the World Bank and the Institute for Development Research (with which David Brown is affiliated), took the lead in organizing a study of the donors. This included a survey of the policies and programs of 24 major bilateral, multilateral donors and foundations, and in-depth

case studies of 12 of these donors. Second, the Southern NGOs on the steering committee carried out surveys and consultations with more than 850 Southern NGOs in Latin America, Africa and Asia. Third, a survey was carried out of the programs and priorities of the U. S. PVOs, European NGOs, and NGOs from Australia and New Zealand. Mr. Grant explained that the new Forum was formally launched in a major conference hosted by the European Community in Brussels in May. Representatives from 120 agencies, including 70 NGOs from Latin America, Africa, and Asia, 30 Northern NGOs from Europe and Latin America, and 20 donor agencies attended. The participants presented the findings of the three sets of studies and compared the capacity building priorities and programs of the donors, Northern NGOs, and Southern NGOs in the three major regions. A structure for the new forum was formalized, with an 18-member steering committee, a southern NGO chair, and a secretariat in New Delhi. A preliminary "framework for action" was also developed. Mr. Grant described the excitement at the meeting, the contentious debates on some issues, and the strong consensus among the participants that this initiative was important and timely.

Mr. Brown then presented the highlights of the official synthesis report that he had prepared for the Steering Committee to compare the needs and priorities of the donors, Northern NGOs, and Southern NGOs. He pointed out a series of interesting differences in the priorities of the three sets of actors. He indicated that the primary strategy of the Forum will be to build on existing initiatives and to take a decentralized approach, working on the needs and themes appropriate to each of the different geographic regions.

Mr. Brown also summarized the key activities that the members of the Forum agreed to pursue over the next two years:

- Map existing initiatives, providers and practices in order to strengthen the knowledge base;
- Identify best practices and lessons learned in priority areas of Southern NGO capacity building;
- Expand consultations to bring in participants from regions not adequately represented to date, such as the Middle East and newly independent states of the former Soviet Union;
- Promote regular communication and information sharing among participants through a web site and other means;
- Hold a multi-stakeholder meeting in each of the regions over the next year;
- Convene a second global forum in two years to review what has been learned and to further the dialogue among the different stakeholders on policies, approaches, and programs for capacity building of southern NGOs.

The presentation was followed by an animated discussion led off by ACVFA member Kathryn Wolford who had represented her organization at the May launch. Much of the ACVFA members' debate focused on the changing relationships between U.S. PVOs and Southern NGOs and the appropriate role of U.S. PVOs in capacity building of Southern NGOs. Representing a broad range of views on the matter, ACVFA members debated the extent to which U.S. PVOs should work with and through local NGO intermediaries, as compared with delivering services directly to needy communities. Discussion also focused on ways in which USAID might make its work in strengthening local NGOs more effective. The group concluded that the issue of the changing relationship between US PVOs and local NGOs is a vital topic that should be taken up by ACVFA's Civil Society subcommittee.